

FINANCIAL HIGHLIGHTS

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

	Year ended 31 December				
	<u>1996</u> RMB million	<u>1997</u> RMB million	<u>1998</u> RMB million	<u>1999</u> RMB million	<u>2000</u> RMB million
REVENUES	<u>143,677</u>	<u>157,381</u>	<u>147,287</u>	<u>175,969</u>	<u>241,992</u>
OPERATING EXPENSES					
Purchases, services and others	(51,860)	(56,980)	(58,190)	(61,470)	(62,598)
Employee compensation costs	(7,996)	(8,826)	(9,752)	(11,064)	(14,430)
Exploration expenses, including exploratory dry holes	(4,725)	(6,830)	(5,990)	(7,344)	(8,680)
Depreciation, depletion and amortization	(13,059)	(16,450)	(17,803)	(23,533)	(33,760)
Selling, general and administrative expenses	(9,727)	(9,827)	(9,838)	(12,596)	(16,649)
Employee separation costs and shut down of manufacturing assets	-	-	-	-	(6,579)
Revaluation loss	-	-	-	(1,122)	-
Impairment loss on assets retained by CNPC	-	-	(310)	(2,007)	-
Taxes other than income taxes	(8,471)	(9,279)	(9,579)	(10,278)	(13,230)
Other income/(expenses)	<u>(248)</u>	<u>(557)</u>	<u>(336)</u>	<u>345</u>	<u>(307)</u>
TOTAL OPERATION EXPENSES	<u>(96,086)</u>	<u>(108,749)</u>	<u>(111,798)</u>	<u>(129,069)</u>	<u>(156,233)</u>
PROFIT FROM OPERATIONS	47,591	48,632	35,489	46,900	85,759
FINANCE COSTS					
Exchange gain	2,998	3,291	44	129	1,406
Exchange loss	(449)	(165)	(1,916)	(2,362)	(234)
Interest income	1,033	1,048	1,326	632	584
Interest expense	<u>(9,839)</u>	<u>(10,928)</u>	<u>(12,276)</u>	<u>(8,896)</u>	<u>(6,048)</u>
TOTAL FINANCE COSTS	<u>(6,257)</u>	<u>(6,754)</u>	<u>(12,822)</u>	<u>(10,497)</u>	<u>(4,292)</u>
SHARE OF PROFIT OF ASSOCIATED COMPANIES	<u>42</u>	<u>331</u>	<u>88</u>	<u>128</u>	<u>584</u>
PROFIT BEFORE TAXATION	41,376	42,209	22,755	36,531	82,051
TAXATION	<u>(9,833)</u>	<u>(12,200)</u>	<u>(7,537)</u>	<u>(9,403)</u>	<u>(26,985)</u>
PROFIT BEFORE MINORITY INTERESTS	31,543	30,009	15,218	27,128	55,066
MINORITY INTERESTS	<u>(87)</u>	<u>(161)</u>	<u>57</u>	<u>(127)</u>	<u>165</u>
NET PROFIT	<u>31,456</u>	<u>29,848</u>	<u>15,275</u>	<u>27,001</u>	<u>55,231</u>
Basic and diluted earnings per share (in RMB) ⁽¹⁾	<u>0.20</u>	<u>0.19</u>	<u>0.10</u>	<u>0.17</u>	<u>0.32</u>
Concurrent Assets					
Net assets to be retained by CNPC	5,852	7,494	8,478	-	-
Property, plant and equipment, less accumulated depreciation, depletion and amortisation	183,165	212,970	228,710	324,990	341,229
Investments, at net book value	2,916	3,152	3,579	3,799	4,784
Intangible and other assets	<u>1,234</u>	<u>1,361</u>	<u>1,724</u>	<u>1,888</u>	<u>2,586</u>
	<u>193,167</u>	<u>224,977</u>	<u>242,491</u>	<u>330,677</u>	<u>348,599</u>

	Year ended 31 December				
	1996 RMB million	1997 RMB million	1998 RMB million	1999 RMB million	2000 RMB million
Current Assets					
Inventories, at net book value	14,008	17,924	17,493	17,602	31,514
Accounts receivable, less allowance	15,040	14,676	19,355	14,883	12,695
Prepaid expenses and other current assets	21,597	22,249	20,582	28,788	11,397
Short-term investments	-	16	53	1,487	5,815
Cash and cash equivalents	<u>16,179</u>	<u>16,456</u>	<u>15,109</u>	<u>17,848</u>	<u>18,060</u>
Total Current Assets	<u>66,824</u>	<u>71,321</u>	<u>72,592</u>	<u>80,608</u>	<u>79,481</u>
Current Liabilities					
Accounts payable and accrued Liabilities	32,925	36,906	39,462	45,190	36,802
Taxes payable	5,207	4,325	3,884	4,739	16,570
Short-term debt	<u>43,670</u>	<u>55,195</u>	<u>63,474</u>	<u>59,959</u>	<u>39,076</u>
	<u>81,802</u>	<u>96,426</u>	<u>106,820</u>	<u>109,888</u>	<u>92,448</u>
Total Current Liabilities	<u>(14,978)</u>	<u>(25,105)</u>	<u>(34,228)</u>	<u>(29,280)</u>	<u>(12,967)</u>
Net Current Liabilities	<u>178,189</u>	<u>199,872</u>	<u>208,263</u>	<u>301,397</u>	<u>335,632</u>
Financed By					
Share capital				160,000	175,824
Retained earnings				3,326	33,057
Reserves				<u>47,085</u>	<u>64,076</u>
Shareholders' equity	<u>62,245</u>	<u>72,867</u>	<u>78,133</u>	<u>210,411</u>	<u>272,957</u>
Minority interests	<u>2,674</u>	<u>3,291</u>	<u>3,798</u>	<u>4,200</u>	<u>4,989</u>
Non Current Liabilities					
Payable to CNPC	5,852	7,494	8,478	-	-
Long-term debt	100,653	105,522	105,354	84,458	53,341
Deferred credits and other long-term obligations	1,413	929	2,119	1,146	1,176
Deferred income taxes	<u>5,352</u>	<u>9,769</u>	<u>10,381</u>	<u>1,182</u>	<u>3,169</u>
	<u>113,270</u>	<u>123,714</u>	<u>126,332</u>	<u>86,786</u>	<u>57,686</u>
	<u>178,189</u>	<u>199,872</u>	<u>208,263</u>	<u>301,397</u>	<u>335,632</u>
Other Financial data					
Capital expenditure ⁽²⁾	(57,241)	(53,440)	(43,420)	(42,870)	(56,759)
Net Cash provided by operating activities	47,400	54,809	37,651	54,053	104,169
Net Cash used for investing activities ⁽³⁾	(59,884)	(52,469)	(38,832)	(40,418)	(60,401)
Net Cash provided by (used for) financing activities ⁽⁴⁾	15,445	(2,063)	(166)	(10,896)	(43,556)
Fixed assets, net of accumulated amortisation, depletion and depreciation	183,165	212,970	228,710	324,990	341,229
Total assets	259,991	296,298	315,083	411,285	428,080
Owner's equity	62,245	72,867	78,133	210,411	272,957

Notes:

- (1) Basic and diluted earnings per share for the year ended 31 December 1996, 1997, 1998 and 1999 have been computed by dividing net profit by the 160 billion State-Owned Shares issued and outstanding upon the establishment of the Company on 5 November 1999 as if such shares had been outstanding for all the accounting periods. Basic and diluted earnings per share for the year ended 31 December 2000 have been computed by dividing net profit by the weighted average number of 171.63 billion shares issued and outstanding for the year.
- (2) Excludes capital expenditures for assets to be retained by CNPC of RMB 3,992 million, RMB 1,692 million, RMB 1,687 million, 111 million and zero in each year and period presented, respectively.
- (3) Includes capital expenditures for assets to be retained by CNPC of RMB 3,992 million, RMB 1,692 million, RMB 1,687 million, 111 million and zero in each year and period presented, respectively.
- (4) Includes contributions from CNPC from assets to be retained by CNPC of RMB 3,992 million, RMB 1,692 million, RMB 1,687 million, 111 million and zero in each year and period presented, respectively.